

PART III – LIST OF OTHER DOCUMENTS,  
EXHIBITS AND OTHER ATTACHMENTS

SECTION J

APPENDIX A

PERSONNEL APPENDIX

PERSONNEL APPENDIX

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## INTRODUCTION

This Personnel Appendix sets forth those Contractor human resource management policies and related expenses which have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work. Only those items of personnel cost and related expenses that are set forth herein or referenced in this Personnel Appendix, are allowable costs under this contract.

The Contractor shall be responsible for selection, management, and direction of the workforce. The Personnel Appendix is adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurring such costs. Pursuant to DEAR 970.31, Contractor shall submit to the Contracting Officer for review and approval established policies, programs and schedules applicable to Contractor's operations pertaining to the types of costs set forth in this Appendix. Revisions to these policies, programs and schedules that result in increased costs to the Government will be approved by the Contracting Officer.

Either party may request that this Personnel Appendix be revised and the parties hereto agree to give consideration in good faith to any such request. Revisions to the Personnel Appendix shall be accomplished by executing an Appendix A modification as approved by the DOE Contracting Officer or designated representative.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Appendix to the Contracting Officer or designated representative. The Contractor recognizes that other data requests may be made from time to time by the Contracting Officer and the Contractor agrees to cooperate in meeting requests.

It is understood that no provision of this Appendix can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement. Should provisions of this Appendix conflict with terms of a Collective Bargaining Agreement, the Contractor will endeavor to negotiate appropriate changes in good faith during the next collective bargaining opportunity.

## **I. COMPENSATION PROGRAMS**

### **A. General Pay Policy**

The objective of the compensation administration program is to provide a level of compensation which, within available funds, attracts, motivates and retains an efficient and technically competent work force; maintains a competitive position to the labor markets in which the organization competes; reflects the worth of each position to the organization; and relates salary/wage increases to both individual and contract performance and salary range.

In establishing or modifying compensation levels, the Contractor will be guided by the following considerations:

- (1) The Contractor is a competitor in the local labor market area for nonexempt salaried personnel and will adopt and maintain equitable compensation levels and benefit policies and practices commensurate with other comparable employers in the area where the Contractor operates and competes for labor under this contract.
- (2) The Contractor recruits its exempt personnel from regional and national labor markets. Accordingly, compensation and benefit levels will be commensurate, equitable, and competitive with comparable positions in the industries and employment markets in which the Contractor operates and competes for labor under this contract.

Prior to each year, the Contractor will develop and justify, in a manner approved by the Contracting Officer, a Salary Increase Fund (SIF) Plan for exempt employees and a Salary Increase Fund (SIF) Plan for nonexempt-nonbargaining employees for review and approval. Each component of the fund, i.e. merit, promotion, temporary promotion, adjustment, reclassification, and, if used, non-exempt non-bargaining step increases, shall be justified separately.

The fund is calculated as a percentage of exempt and nonexempt payroll for each pay structure at the end of the prior salary year (expressed as an annualized amount) and shall be the maximum allowed for granting increases for employees based on merit, special adjustments, reclassification, promotions, temporary promotions, and, if used, non-exempt non-bargaining step increases. All increases are charged to the fund on an annualized basis, with the exception of temporary promotions which are charged on an actual cost basis. Once an individual salary increase is charged to the fund, reuse of that amount, i.e., recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase, the portion of the fund allocated for that increase may remain in the fund. The dollar amount of the unexpended portion of the fund is subject to review and adjustment by the Contracting Officer at any time during the contract year based on major changes which affect contract funding or Contractor payroll.

The Contracting Officer shall approve in advance individual salary actions for the Laboratory Director.

The Compensation Program shall contain provisions for any established premium payments to employees, such as shift differential, special qualification or certification pay, and Extra Achievement Compensation. With regard to overtime, the contractor will comply with the proposed rule regarding Management and Operating Contract Overtime Practices (Federal Register, Vol. 61, No. 122, 06/24/96, Proposed Rules, 32593-32594, Department of Energy), and proposed section DEAR 970.2275. Incentive compensation and bonuses will not be allowable costs under this Contract, except as approved by the Contracting Officer.

The Compensation Program shall contain provisions for separation pay. In the event that responsibility for performance of work and services or operation of part or all of the Government-owned facilities under this Contract (including standby protection and maintenance functions) is assumed by another contractor or Government agency, employees who are transferred to the employ of, or who are offered employment within their same classification or at positions of comparable responsibility by such contractor or agency, which employment will commence within thirty (30) days after being laid off, will not be paid any separation pay allowance.

**B. General Employee Welfare Benefits Policy**

The Contractor will be reimbursed for costs incurred in implementing, administering, and funding comprehensive group insurance plans. The features of these group insurance plans are set forth in policies and insurance plan description booklets, current copies of which will be provided to the Department of Energy. Dividends, return premiums, or other allowances and credits that accrue under each policy shall be credited to the Contract in accordance with the Contract and Non-Contract labor split for the year in which the dividend or return premium was earned, and applied to current year overhead costs.

Any additions to or changes in benefits and/or their associated costs require prior Contracting Officer approval.

In the event of expiration or termination of the Contract, all Contractor obligations, commitments, liabilities, or claims which exist or thereafter arise from the Group Benefit Plans shall be transferred to a successor contractor, assumed by DOE and/or the costs thereof shall be allowable to the Contractor.

The comprehensive group insurance plans and welfare programs approved under this Appendix are the following: Group Life Insurance; Short Term Disability Benefits; Long Term Disability Benefits; Accidental Death and Dismemberment Insurance; Comprehensive Medical Expense Benefits; Dental Assistance Benefits; Personal Accident Insurance (optional employee participation); Flexible Reimbursement Plan for health care and dependent care expenses (optional employee participation); Comprehensive medical expense benefits for retirees of the Contractor; Travel Accident Insurance Plan; Unemployment Compensation; Workers' Compensation; Plant Injury Supplemental Pay; and Dependent Care.

With regard to retiree medical benefits, allowable employer costs will be prorated based only on service under this contract. The Contractor contribution to the cost of the plan is based on years of service, but will never be more than the actual plan cost. The annual Contractor contribution is subject to Contracting Officer approval. The Contractor will provide experience reports and actuarial calculations estimating retiree liability as directed by the Contracting Officer.

**Post-Retirement Life and Medical, and Other Benefit Obligations Upon Contract Termination:**

- (1) If the contract terminates the Department of Energy will make available to the Contractor in a timely manner sufficient funds so that the Contractor has no out-of-pocket expenditures from corporate funds to cover all liabilities incurred under this contract related to Contracting Officer-approved employee welfare benefit plans (including but not limited to medical, life, and workers' compensation). If so requested by the Department of Energy at the time of contract termination or expiration, the Contractor will continue as the sponsor of these plans until all liabilities of such plans are discharged.
- (2) If the contract terminates the Department of Energy may make use of a third party such as an insurer to guarantee benefit payments.

## II. GROUP PENSION PLANS

- A. Staff members of the Contractor's Pacific Northwest National Laboratories (PNNL) assigned to or performing work under the Contract may participate in the Contractor's Group Pension Plans (the Plans) applicable to PNNL in accordance with the terms of the Plans. The Group Pension Plans are trustee plans described in the following documents:
1. "Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute," [PNNL Plan] (applicable to non-bargaining unit employees) effective July 1, 1987, and as the foregoing PNNL Plan may be amended from time to time by the Contractor's Board of Trustees; and
  2. "Hanford Contractors Multi Employer Defined Benefit Pension Plan for HAMTC Represented Employees," [HAMTC Plan] (applicable to bargaining unit employees) effective April 1, 1987; and, as the foregoing HAMTC Plan may be amended from time to time by the Plan Administrator in cooperation with the Administrative Committee.
- B. With respect to the PNNL Plan, the Contractor and DOE agree as follows:
1. The Plan and disposition, payment and transfer of Plan assets shall satisfy the requirements of the Employee Retirement Income Security Act (ERISA), the Internal Revenue Service (IRS), and the Department of Labor and any other applicable Federal statutes and regulations.
  2. All costs required to meet the requirements of this Article including administrative costs incurred by the Contractor and applicable to the work under the Contract and employer contributions related to work performed under this Contract will be allowable costs. The employer contributions will be allowable at rates determined for PNNL based on actuarial valuations performed by the actuary appointed by Battelle, using the entry age normal cost method of funding.
  3. Amendments of the Plan which affect costs will require the approval of DOE.
  4. The Contractor will provide DOE with actuarial valuation reports and IRS Form 5500 Reports whenever such reports are prepared, but not less often than every three years. These reports shall contain information regarding Plan assets and liabilities. Said information shall be based on the valuation assumptions and calculation methods which are then in use for the Plans. The reports shall be provided to DOE within thirty (30) days after preparation or eight (8) months following close of a plan year, whichever is earlier.
  5. Unless otherwise agreed, the Contractor will obtain an actuarial valuation of the Plan as of the effective date of Contract termination or expiration. The cost of such valuation will be allocated in accordance with then current procedures for allocating actuarial valuation costs.
  6. Procedures for Annual Accounting of Employer Pension Contributions for PNNL Staff Members
    - a. For each plan year, the Contractor will provide to DOE an accounting of assets associated with employer pension contributions with respect to the Contract work of PNNL and the Non-Contract work of PNNL as follows:
      - (1) market value of such associated assets at the beginning of the Plan year;

- (2) the dollar amount of employer pension contributions made during the plan year allocated, on the basis of the cost of non-bargaining direct staff labor during such year, to the Contract work of PNNL staff members and the other work of PNNL staff members;
  - (3) the dollar amount of investment income on such associated assets based on the yield rate determined on the time-weighted market value basis as shown in actuarial reports of the Plan;
  - (4) the dollar amount of related benefits and/or assets disbursed to terminated and retired PNNL staff members and beneficiaries; such related benefits and/or assets will be allocated on the basis of the historical relationship of non-bargaining direct staff labor to the Contract work of PNNL staff members and the other work of PNNL staff members; and
  - (5) market value of associated assets at the end of the plan year  $[(1) + (2) + (3) - (4) = (5)]$ .
- b. The first accounting under this Plan shall be as of June 30, 1987, and shall reflect the removal of those assets and liabilities transferred to the HAMTC Plan effective April 1, 1987, from total PNNL pension assets accounted for in previous reports covering the periods from January 1, 1965 on.

For the Plan year ending June 30, 1987, and annually thereafter, the Contractor will provide to DOE an accounting of assets as described in Paragraph 6.a. above. Such reports shall be provided to DOE within thirty (30) days after preparation but no more than eight (8) months following the close of the plan year. The final accounting period shall end with the effective date of Contract termination.

7. References to termination of the Contract in this Article are intended to cover the circumstances created when the contractual relationship between DOE and the Contractor is terminated in whole or in part by formal action of DOE in accordance with the Clause of the Contract entitled "Termination". It is not intended that the provisions of this Article pertaining to Contract termination be implemented in cases when reduced funding levels or cessation of individual projects or programs require work force reductions but do not affect the continuing contractual relationship under the Contract.
8. Procedures for Determination of Contract Service Pension Assets and Liabilities Upon Contract Termination
- a. Contract Service Assets. Contract Service Assets shall include all assets attributable to employer contributions with respect to the Contract work of PNNL, as determined in Paragraphs 6.a and 6.b above. Such assets shall also include applicable employer contributions due the fund but not paid as of the effective date of termination.
  - b. Non-Contract Service Assets. Non-Contract Service Assets shall include all assets attributable to employer contributions with respect to the Non-Contract work of PNNL as determined in Paragraphs 6.a and 6.b above. Such assets shall also include applicable employer contributions due the fund but not paid as of the effective date of termination.
  - c. Liabilities for Present and Future Benefits

(1) Pensioners, Beneficiaries, and Terminated Vested Members

The liability for benefits for PNNL pensioners, beneficiaries, and terminated vested members who separated prior to the date of Contract termination and whose separation was not directly caused by such termination, shall be equal to the present value of such benefits as of the effective date of termination of the Contract. Such present value shall be calculated using the then current Pension Benefit Guaranty Corporation (PBGC) assumed rates for interest (30 year Treasury rates) and mortality as appropriate for the PNNL Plan, consistent with the then current actuarial valuation, or as mutually agreeable to the DOE and the contractor based on circumstances at the time.

(2) Active Participants Retained by Battelle

For the active participants retained by Battelle, the past service liability shall be calculated as of the effective date of termination using the Plan actuarial assumptions, actuarial cost method, and benefits as then in effect. The calculations shall be completed in a manner comparable to those for an ongoing plan.

(3) Active Participants Not Retained by Battelle in the Event There Is No Successor Pension Plan

If there is no successor pension plan, liabilities for vested accrued benefits of PNNL Participants whose active membership is terminated as a result of Contract termination, including benefits becoming vested by reason of such termination under applicable Plan provisions, law and/or IRS regulations, shall be equal to the present value of such vested benefits calculated using the then current PBGC assumed rates for interest (30 year Treasury rates) and mortality, as appropriate for the PNNL Plan consistent with the then current actuarial valuation, or as mutually agreeable to the DOE and the contractor based on circumstances at the time.

(4) Active Participants Not Retained by Battelle in the Event There is a Successor Pension Plan

For the Participants covered by a successor pension plan, the past service liability shall be calculated as of the effective date of termination using the Plan actuarial assumptions, actuarial cost method, and benefits as then in effect. The calculations shall be completed in a manner comparable to those for an ongoing pension plan.

9. Disposition of Contract Service Assets and Liabilities

- a. The liabilities and Contract Service Assets associated with such liabilities for pensioners, beneficiaries, and terminated vested members as described in Paragraph 8.c.(1) shall be retained by Battelle and shall include an amount actuarially determined to cover any administrative service costs into the future; provided, however, that if requested by DOE to do so, Battelle shall solicit proposals from at least three insurance carriers for a single premium purchase non-participating contract for assumption of liabilities for such participants. The award shall be based on mutual agreement between the DOE and the contractor, and shall be consistent with fiduciary standards related to such transactions. In such case, retained assets shall equal the cost of such insurance contracts.



- b. The remainder of Contract Service Assets, after the retention described in Paragraph 9.a. above, shall be divided into two parts as follows:

- (1) One part equals such remainder of Contract Service Assets multiplied by the ratio  $\frac{R}{R+S}$  where:

$$R+S$$

R = past service liability for active Participants retained by Battelle calculated as described in Paragraph 8.c.(2); and

S = past service liability for active Participants not retained by Battelle calculated as described in Paragraph 8.c.(4).

This part of Contract Service Assets will be retained by Battelle.

- (2) The other part of Contract Service Assets equals the total of Contract Service Assets less the amount retained by Battelle under Paragraph 9.a and Subparagraph 9.b.(1) immediately above.

(a) If there is a successor plan, then this part shall be transferred to, and associated liabilities calculated in accordance with Paragraph 8.c.(4) shall be assumed by, the successor plan.

(b) If there is no successor plan, then (a) this part and associated liabilities calculated in accordance with Paragraph 8.c.(3) will be retained by Battelle; (b) if such assets exceed the liabilities (including the option of purchasing annuities to cover the liabilities), Battelle will pay to DOE from Plan assets any excess amount remaining after plan termination costs, penalties, and taxes resulting from such termination of the Plan; and (c) if Plan assets remaining after the costs, penalties and taxes resulting from termination of the Plan are not sufficient to cover the liabilities in accordance with 8.c.(3) then DOE will pay to Battelle the deficiency; provided, however, payment by DOE shall be subject to the availability of appropriated funds which may be used for such purposes.

10. Disposition of Non-Contract Service Assets and Liabilities

- a. The liabilities and Non-Contract Service Assets associated with such liabilities for pensioners, beneficiaries and terminated vested members as described in Paragraph 8.c.(1) shall be retained by Battelle.
- b. The remainder of Non-Contract Service Assets, after the retention described in Paragraph 10.a. above, shall be divided into two parts as follows:

- (1) One part equals such Non-Contract Service Assets multiplied by the ratio  $\frac{T}{T+W}$  where:

T = past service liability for active Participants retained by Battelle calculated as described in Paragraph 8.c.(2); and

W = past service liability for active Participants not retained by Battelle calculated as described in Paragraph 8.c.(4).

This part of Non-Contract Service Assets will be retained by Battelle.

(2) The other part of Non-Contract Service Assets equals the total of Non-Contract Service Assets less the amount retained by Battelle under Paragraph 10.a. and Subparagraph 10.b.(l) immediately above.

(a) If there is a successor plan, then this part shall be transferred to, and associated liabilities calculated in accordance with Paragraph 8.c.(4) shall be assumed by, the successor plan.

(b) If there is no successor plan, then this part and associated liabilities calculated in accordance with Paragraph 8.c.(3) will be retained by Battelle. Any excess or shortage of Non-Contract Service Assets in relation to such liabilities will be retained or absorbed by Battelle.

#### 11. Financial Adjustments

- a. If within six (6) months after the termination of the Contract, a retained staff member of Battelle is transferred to the successor contractor, or a transferred staff member is returned to Battelle, adjustments will be made to Contract and Non-Contract Service Assets as if the transfer had been effective on the date of Contract termination, and appropriate payments or transfers of assets will be made.
- b. If at the end of twenty-four (24) months following Contract termination, the terminations of retained staff members during this period exceed the numbers expected in the actuarial assumptions of the Plan at Contract termination, liabilities for vested benefits of the excess terminated staff members will be calculated as the present value of benefits as of the date the staff member terminated; such present value shall be calculated using the then current PBGC assumed rates for interest (30 year Treasury rates) and mortality, as appropriate for the PNNL Plan consistent with the then current actuarial valuation, or as mutually agreeable to the DOE and the contractor based on circumstances at the time. This value will be substituted for the value previously established for the retained staff members; adjustments will be made to Contract and Non-Contract Assets; and appropriate payments or transfers of assets will be made.
- c. The procedures outlined above in Paragraph 11.b shall also be applied to all staff members who transfer to a successor contractor; adjustments shall be made as above and appropriate payments will be made.

#### 12. Payments and Transfers of Assets

- a. Payments by either party for excesses or shortages of Contract Service Assets as described in Paragraph 9.b.(2) shall be in U.S. currency and completed within thirty-six (36) months of the effective date of Contract termination or such longer period as may be mutually agreed upon. Both parties shall have the option of making payments in one lump sum or in any series of installments. Payments from Plan assets shall include interest on the unpaid balance at the actual rate(s) of investment return in effect for the Plan, from the first day following the effective date of

termination through the date that payments are completed. Payments from other than Plan assets shall include interest at the rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), which is applicable to the period in which the amount becomes due and then at the rate applicable for each six (6) month period as fixed by the Secretary until the amount is paid.

- b. If transfers of Plan assets are made to a successor plan as described in Paragraphs 9.b.(2) and 10.b.(2) in the form of investment holdings, such holdings shall include cash, equity securities, and fixed income securities. Such assets shall be allocated on a pro rata basis, with the proration for fixed income assets based on rating and sector classification. Transfers shall include actual investment earnings of applicable assets from the effective date of termination to the date of transfer.

Battelle will transfer Plan assets at a rate at least sufficient to meet the cash flow requirements of transferred staff members who go into benefit status after the effective date of Contract termination.

13. The Contractor will take no action concerning the termination, merger, spinoff, or other action affecting the status of the Plan as covering only Non-Bargaining employees of the Pacific Northwest National Laboratory without the approval of the DOE. Termination of the Plan may be initiated by the Contractor or DOE during the term of the Contract or at Contract termination or expiration. In the event of a Plan termination, the costs and disposition of Plan assets and liabilities shall be as set out in Sections 9, and 10 above, or as mutually agreeable to the DOE and the Contractor based on circumstances at the time.
- C. With respect to the Multi-Employer Pension Plan for HAMTC Represented Employees (A.2. above), the Contractor and DOE agree as follows:
1. Effective April 1, 1987, pursuant to a collective bargaining agreement, the Contractor became a participating employer in the Hanford Contractor Multi-Employer Pension Plan for HAMTC Represented Employees. All assets and liabilities of the "Employees Retirement Plan of Battelle Memorial Institute" were transferred to and merged with the said Multi-Employer Plan.
  2. Costs incurred by the Contractor for contributions required by the plan are allowable to the extent applicable to the work under the Contract.
  3. The Plan fund, not the Contractor, shall be liable for costs incurred in the course of administration (actuary fees, reports, and similar expenses); provided, however, that costs for employee communications, sign up and termination, payroll, and similar expenses are allowable as normal operating expenses to the extent applicable to work under the Contract.
  4. Upon expiration or termination of the Contract, all liability of the Contractor with respect to the Hanford Contractors Multi-Employer Pension Plan for HAMTC Represented Employees shall cease. The Contractor shall have no claim to any Plan assets in excess of Plan liabilities, nor shall the Contractor be required to fund any excess of Plan liabilities over Plan assets. DOE agrees that all costs, including cost of defense, from any withdrawal liability arising under federal law by reason of the Contractor's withdrawal from the Multi-Employer Plan shall be an allowable cost under the Contract subject to the provisions of subsection (e)(17) of the Contract clause entitled, Allowable Costs and Fee.

5. The Contractor will take no action concerning the termination, merger, spin-off, or other action affecting the status of the plan as covering only Bargaining Unit employees of the Pacific Northwest National Laboratories.

D. With respect to all pension plans:

1. Unless otherwise required by federal law or resulting from the collective bargaining process, no amendment to any of the Pension Plans shall result in allowable costs under this contract if the adoption date of such amendment is later than 12 months before the termination or expiration date of the Contract, if the termination or expiration of the Contract is due to the act or failure to act of the Contractor, or the failure of the Contractor to bargain in good faith with the government for an extension of the Contract.
2. The aggregate annual contribution to any Pension Plan shall range from the minimum specified by Internal Revenue Code (IRC) Section 412(b) to the amount necessary to fully fund the year end expected current liability. However, the aggregate annual contribution to a Plan shall be no less than the minimum specified by IRC Section 412(b) nor greater than the tax deductible limit specified by IRC Section 404.

### III. GROUP SAVINGS PLANS

The Contractor maintains or is a participating employer in savings plans for eligible non-bargaining employees. In addition, the Contractor is a participating employer in a multi-employer plan for bargaining unit employees. The savings plans are trustee plans described in the following two documents entitled "Battelle Employees' Savings Plan", and "Hanford Contractors Multi-Employer Savings Plan for HAMTC Represented Employees". The plans must be established and maintained as qualified defined contribution plans under the regulations of the Internal Revenue Service. The Plan and Trust documents and any amendments thereto which effect substantive changes or increase costs are subject to the approval of the Contracting Officer. With respect to the Plans, the parties agree as follows:

- A. Costs of employer matching contributions incurred and accrued under the terms of the Plans are allowable to the extent applicable to Contract work. To the extent permitted by law or regulation, the Plans funds, not the Contractor, shall be liable for the costs of administration.
- B. The Contractor will provide the Contracting Officer with annual accounting reports within eight months after the close of a Plan year. A copy of IRS Form 5500, together with any supplemental or supporting documents submitted therewith, will be provided to DOE each year when prepared by the Contractor, which may be provided in lieu of the accounting report required by this provision.
- C. Employee forfeitures of accrued benefits shall be in accordance with the terms of the Plans and such forfeitures shall be used to reduce Contractor contributions made on behalf of remaining participating employees.
- D. In the event of Contract expiration or termination, the Contractor, if requested by DOE to do so, will transfer assets and liabilities to a replacement contractor's plan.
- E. In the event of Plan termination, invest immediately one hundred percent in the Plan participants' individual accounts.
- F. Upon expiration or termination of the Contract, all liability of the Contractor with respect to the Hanford Contractors Multi-Employer Savings Plan for HAMTC Represented Employees shall

cease. DOE agrees that all costs, including cost of defense from any withdrawal liability arising under federal law by reason of the Contractor's withdrawal from the Multi-Employer Plan shall be an allowable cost under the Contract, subject to the provisions of subsection (e)(17) of the Contract clause entitled Allowable Costs and Fee.

- G. The Contractor will take no action concerning termination, merger, spin-off, or other action affecting the status of the Plans without the approval of the DOE.
- H. Amendments of the Plan which affect costs will require the approval of DOE.

#### **IV. STAFF EDUCATION AND TRAINING**

The Contractor shall establish training and educational assistance programs which are consistent with Department of Energy requirements and guidance, and with other Federal, State, and local regulations and compliance requirements. These programs shall be implemented in a systematic and orderly management process which is consistent with the above requirements and with commercial practices. Appropriate employee training and development programs, which conform to the standards of reasonableness as contemplated by DOE Acquisition Regulation 970.5204, are allowable costs under the contract.

#### **V. EMPLOYEE PROGRAMS**

The Contractor shall establish employee programs which are consistent with Department of Energy requirements and guidance, and with other Federal, State, and local regulations and compliance requirements. These programs shall be implemented in a systematic and orderly management process which is consistent with the above requirements and with industry practices. Appropriate employee programs, which conform to the standards of reasonableness as contemplated by DOE Acquisition Regulation 970.31, Employee morale, health, welfare and dormitory costs; Paid and Unpaid Leave programs; Community Activities; Membership in trade, business, and professional organizations; Public Relations; and any other such programs identified, submitted to, and approved by the Contracting Officer are allowable costs under the contract.

#### **VI. TRAVEL, TRANSPORTATION, AND MOVING EXPENSES**

In accordance with DEAR 970.3102-16 Relocation, and -17 Travel, the Contractor shall establish and publish official travel expense policies and procedures defining allowable travel, moving and relocation costs reimbursable under this contract. The policies shall be established within the parameters defined within DEAR 970.3102-16 and 970.3102-17; and for the establishment of maximum per diem rates for lodging, meals, and incidental expenses, 41 CFR 301-7 and 301-8; and shall be subject to performance standards and measures to be negotiated on an annual basis between the Contractor and Contracting Officer.

#### **VII. LABOR RELATIONS**

The Contractor shall comply with all applicable requirements of federal labor regulations such as the National Labor Relations Act, the Fair Labor Standards Act and the Labor Management Relations Act. In addition, the Contractor will obtain approval of changes to labor agreements or practices that will affect allowable costs under this contract or which could involve other items of special interest to the Department of Energy prior to such changes being incorporated.

Upon receipt of any Union proposals and/or preliminary to any negotiation concerning any collective bargaining agreement or amendment thereto affecting employees engaged in work under this contract, the Contractor shall meet with the Contracting Officer or his designee(s) for the purpose of developing

mutually agreed upon bargaining objectives respecting any significant change in existing labor agreements which can be calculated to affect allowable costs under this contract or which could involve other items of special interest to the Government.

The Contractor shall perform regular reporting of labor relations activities as necessary to inform the DOE of the status of labor management relations, such as informing of strike situations or picketing at the facility, status of labor negotiations, providing copies of new or modified labor agreements, scheduled changes in the cost of labor, etc. Initiation of significant actions by the Contractor or any bargaining agent under federal labor laws such as the Labor Management Relations Act or involving the National Labor Relations Board, such as unfair labor practices, election petitions, an intent to recognize or initiate bargaining with labor union(s) or law suits shall be reported to the Department of Energy in a timely manner, and approval obtained prior to such actions if such actions will in any way place the DOE in jeopardy.

Cost of wages and fringe benefits, to employees represented by collective bargaining units, not in excess of those provided in the collective bargaining agreements listed below, shall be allowable. The costs associated with grievance processing and settlements, arbitration, and arbitration awards shall be allowable in accordance with the provisions of the contract clause entitled "Insurance - Litigation and Claims." All other costs and expenses incurred pursuant to the provision of the collective bargaining agreements and revisions thereto listed below are allowable costs hereunder.

Agreement Between Pacific Northwest Laboratories of Battelle Memorial Institute and the  
Hanford Atomic Metal Trades Council

The Contractor recognizes that the Department of Energy retains authority on matters of security; that this authority may not be limited by collective bargaining agreements; and that the Contracting Officer will be promptly notified of any matter arising out of negotiations or administration of labor agreements where the Department of Energy's authority in matters of security may be impinged.

## **VIII. WORK FORCE RESTRUCTURING**

The Contractor will comply with the requirements of the applicable Hanford Site Work Force Restructuring Plan which implements Section 3161 of the National Defense Authorization Act for Fiscal Year 1993. Costs associated with the implementation shall be allowable for those activities described in the applicable Plan.

## **IX. PERSONNEL MANAGEMENT PERFORMANCE REVIEW**

The Parties agree that the Contractor shall utilize a performance-based system for Laboratory oversight as described in the clause of this contract entitled, "Use Of Objective Standards Of Performance, Self Assessment and Performance Evaluation," of this contract. The performance-based management system will include the use of clear and objective performance indicators as agreed to in Appendix F, "Performance Evaluation," of this contract.

The Contractor shall implement a rigorous, ongoing human resource management self-assessment process that addresses the overall performance of the Contractor. The self-assessment process will be key to driving performance improvement. In addition, the results of the self-assessment shall be addressed by the Contractor in the year-end self-assessment report required and described in Appendix F.

